investment

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Preface

(!!!Needs to be written. Exp. text below:)

While preparing this document and comparing the business environment in Kosovo with those of other countries in the region, we've readily come across numerous comparative advantages that Kosovo offers equally to potential foreign and domestic investors. This document is therefore opened with a brief overview of Kosovo's advantages.

Taxes in Kosovo are very low when compared to those of any of its neighbors and other countries in the region. Moreover, the tax system has been extremely simplified. There are few taxes and compliance has been made simple. In addition, the Government is introducing tax incentives to support domestic production.

United Nations Mission in Kosovo (UNMIK) was established on 10th of June 1999 when the Security Council Resolution 1244 authorized the Secretary_general to establish in the war-ravaged province of Kosova an interim civilian administration led by the United Nations under which its people could progressively enjoy substantial autonomy.

The head of UNMIK is the Special Representative of the Secretary-General for Kosovo. As the most senior international civilian official in Kosovo, he presides over the work of the pillars and facilitates the political process designed to determine Kosovo's future status.

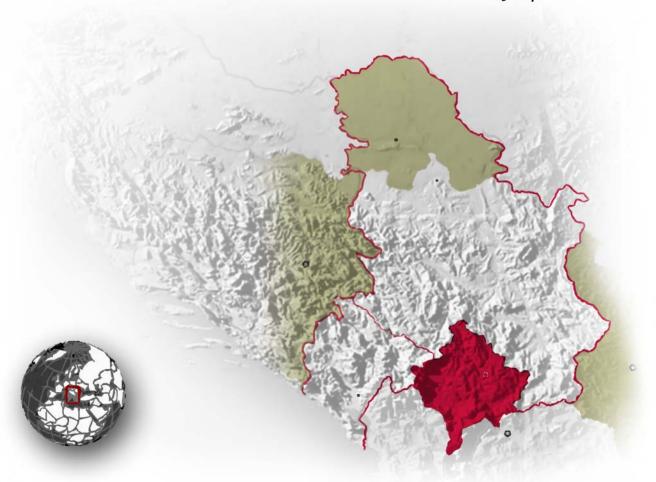
Since the official status of Kosovo has not yet been defined, the governing, legislative, and judiciary powers are shared between UNMIK and the Provisional Institutions of Self Government (PISG). The powers and responsibilities under the direct control of UNMIK are referred to as "reserved powers" while those within the realm of PISG are referred to as "transferred powers."

The structure and responsibilities of the PISG are defined in the Constitutional Framework for Provisional Institutions of Self Government. The Constitutional Framework defines the roles and responsibilities of the Kosovo Assembly, the President, the Government, and the judiciary system. Ultimately, the supreme power rests with the Special Representative of the Secretary General. He over-

sees the PISG's work and can take appropriate action whenever he finds their acts to be inconsistent with the UN SC Resolution 1244.

The PISG is composed mainly of three Albanian political parties: Democratic League of Kosovo (LDK), Democratic Party of Kosovo (PDK), Alliance for Future of Kosovo (AAK). The Serb minority is represented in the political institutions through the Coalition Return (Povratak, KP). Parties

> the Minister of Trade and Industry, Mr. Jakupi









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KOSOVO HAS THE LOWEST TAXES IN THE REGION

Taxes in Kosovo are very low when compared to those of any of its neighbors and other countries in the region. Moreover, the tax system has been extremely simplified. There are few taxes and compliance has been made simple. In addition, the Government is introducing tax incentives to support domestic production.

- VAT rate of 15%,
- Tariff rate of 10%,
- · Tariff rate of 0% for imports of certain capital and intermediary goods
- Personal income tax is between 0-20%.
- · All taxes collected ad up to a mere 11% of GDP.
- · Kosovo has a full VAT rebate for exporters.

COUNTRY	VAT/SALES TAX	INCOME TAX	CUSTOMS TARIFF	PROFIT TAX
Kosovo	15	0-20	10	20
Serbia	20	36.1	1-30 (avg. 9.37)	14
Croatia	22	15-45	3.5 (industrial prod.)	15-20
Albania	20	10-20	Avg. 13	25
Bulgaria	20	15-29	5-40 (avg. 10)	19.5
Macedonia	19		0-30 (avg. 10.5)	

ABUNDANT RESOURCES AND SUPPORTIVE INSTITUTIONAL ENVIRONMENT

- Young and motivated labor force with strong entrepreneurial spirit and skills and wide knowledge of all major European languages;
- · Abundant natural resources: lignite, zinc, led, ferro-nickel, agricultural land;
- · free access to EU and markets of all neighboring countries;
- Modern business-support institutions;
- Simple business registration allowing companies to launch a business in less than 10 days
- · Young and modern government institutions without significant red tape.
- Kosovo has an excellent geo-strategic location: a potential market of 120 million people within the radius of 300 km (verify accuracy of this statement)



system system

System System

STATUS & UN MISSION

United Nations Mission in Kosovo (UNMIK) was established on 10th of June 1999 when the Security Council Resolution 1244 authorized the Secretary_general to establish in the war-ravaged province of Kosova an interim civilian administration led by the United Nations under which its people could progressively enjoy substantial autonomy.

In particular, resolution 1244 has called upon UNMIK to among other things:

- i. Perform basic civilian administrative functions:
- ii. Promote the establishment of substantial autonomy and self-government in Kosovo:
- iii. Facilitate the political process to determine Kosovo's future status:

To implement its mandate, UNMIK initially brought together four "pillars" under its leadership. At the end of the emergency stage, Pillar I (humanitarian assistance) led by United Nations High Commissioner for Refugees (UNHCR), was phased out in June 2000. In May 2001, a new Pillar 1 was established. Currently, the pillars are:

Pillar I: Police and Justice, under the direct leadership of the United Nations;

Pillar II: Civil Administration, under the direct leadership of the United Nations;

Pillar III: Democratization and institutions building, led by the Organization for Security and Cooperation in Europe (OSCE).

Pillar IV: Reconstruction and Economic Development, led by the European Union (EU).

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GOVERNMENT INSTITUTIONS AND POLITICAL PARTIES

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Further information on the political system of Kosovo, UNMIK, and the PISG can be found on UNMIK's website: http://www.unmikonline.org

DEMOGRAPHIC INFORMATION

· Population: 2,3 million

AGE	FEMALE %	MALE %	TOTAL %	
0-14	30,8	33,8	32,3	
15-64	62,2	60,2	61,2	
> 65	7,0	6,0	6,5	
Total	100	100	100	

- · Age & gender breakdown of the population:
- Nationalities/peoples: Albanians 90%, Serbs 8%, others 2%.
- Religions: Albanians and non-Serbian minorities are mostly Moslems and Catholics. The Serbian Minority is Eastern Orthodox.

LANGUAGES

Albanian is spoken by the Albanian population. Albanian is a very unique language with roots in the Indo-European family of languages. Serbian is spoken by Serbs and other Slav minorities. A very large number of young people speak English, German, and other European languages.